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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

1998-08-05
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In the Matter of

USAC Plan of Reorganization

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CC Docket No. 97-21

CC Docket No. 96-45

Public Notice DA 98-1336

COMMENTS
OF THE
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

The National Telephone Cooperative Association ("NTCA") hereby files its comments in connection with the Commission's *Public Notice* seeking comment on the Universal Service Administrative Company ("USAC") Plan of Reorganization. NTCA is a national association of approximately 500 LECs. These LECs provide telecommunications services to end users and interexchange carriers throughout rural America.

DISCUSSION

NTCA's comments are limited to the proposed High Cost and Low Income Division of USAC. NTCA opposes the restructure of the High Cost and Low Income Committee (HC&LI Committee). There have been no complaints or concerns raised regarding the current HC&LI structure. Indeed the proposed restructuring of USAC is a result of issues relating to the Schools and Libraries Corporation (SLC) and the Rural Health Care Corporation (RHCC). There is no compelling rationale for arbitrarily changing the make-up of the HC&LI Committee which was prescribed when the FCC directed the creation of USAC.

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The current HC&LI Committee, as created by the FCC, includes all seven service provider representatives who sit on the full USAC Board.¹ USAC's proposal for the HC&LI Committee eliminates two of three ILEC representatives, drops the number of IXC representatives down to one and adds USAC's chief executive officer. USAC thus completely alters the make up of the HC&LI Committee. The FCC deliberately chose to include three ILEC representatives and two IXC representatives on the committee obviously recognizing that one of each could not sufficiently represent the entire industry. The interests and perspectives of a rural carrier will vary significantly from those of a urban carrier. Despite changes in the industry, the landline carriers are still the largest group of carriers to be affected by high cost and low income support and have the most diverse interests. As such, they should retain a proportionately larger voice in the HC&LI Committee. USAC provides absolutely no rationale for altering the representation on the Committee. It is not reasonable to exclude from the HC&LI Committee members of the USAC Board who have knowledge and expertise in the subject matter and whose decisions will directly affect their constituent interests.

Furthermore, such an exclusion is particularly troubling since under the USAC plan, the HC&LI Committee has the power and authority to bind USAC's Board of Directors on any programmatic matters relating to High Cost/Low Income support mechanisms.² Thus USAC

¹ Changes to the Board of Directors of the National Exchange Carrier Association, Inc., *Report and Order*, 12 FCC Rcd 18429. "The Committee will consist of 10 USAC Board members, including seven service provider representatives (i.e., the three representatives of ILECS, two representatives of IXCs, one representative of CMRS providers, and one representative of CLECs) and the low-income, state consumer advocate, and state telecommunications regulator representatives described above."

² See, *Report to the FCC, Executive Summary, Report and Plan of Reorganization*, by the SLC, USAC and RHCC, July 1, 1998, Appendix A-2 at 23.

effectively excludes members of USAC's Board of Directors from participating in the decisions directly affecting their constituents. The ILEC representatives on the USAC Board of Directors come from large, medium and small ILECs. Their voices vary significantly and need to be heard before well reasoned decisions are to be reached.

NTCA respectfully submits that the HC&LI Committee should be modified by adding USAC's chief executive officer, but retaining all of the existing committee members. This approach would allow the HC&LI Committee to consider all perspectives and would contribute to development and administration of effective High Cost/ Low Income support mechanisms.

CONCLUSION

NTCA urges the Commission to modify the plan to retain all current members on the HC&LI Committee and to add USAC's chief executive officer. Thus the HC&LI Committee would consist of eleven members. This will ensure that all interests are considered by the HC&LI Committee. The efficient promulgation of High Cost/ Low Income support programs

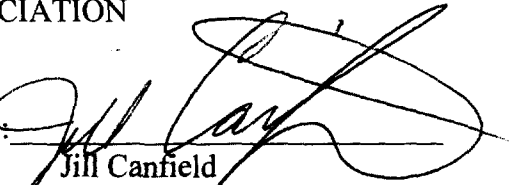
and mechanisms is dependent upon the participation by all of the key constituencies. The up front involvement of all will contribute to support mechanisms in the public interest.

Respectfully submitted,

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August 5, 1998

CERTIFICATE OF SERVICE

I, Gail C. Malloy, certify that a copy of the foregoing Comments of the National Telephone Cooperative Association in CC Docket No. 97-21/CC Docket No. 96-45;DA 98-1336 was served on this 5th day of August 1998, by first-class, U.S. Mail, postage prepaid, to the following persons on the attached list:


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